

Message Text

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ORIGIN STR-08

INFO OCT-01 ARA-16 EUR-25 IO-14 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03

FEA-02 OMB-01 SWF-02 /209 R

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COMMERCE:DROHR

AGRIC:BSHARKEY

LABOR:DPARKER

ARA/BR:JSLATTERY

EB/OT/STA:EKEMPE

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P 222016Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

INFO USMISSION GENEVA PRIORITY

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, GATT, EEC, OECD

SUBJECT: MTN: TNC MEETING ON SUBSIDIES AND COUNTER-
VAILING DUTIES

REF: (A) BRASILIA 3502 (NOTAL)

(B) GENEVA 2950 (NOTAL)

(C) CARACAS 3761 (NOTAL)

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(D) BRIDGETOWN A-32 (NOTAL)

(E) GENEVA 2910 (NOTAL)

1. AGREED TNC TERMS OF REFERENCE FOR NTB WORKING GROUP SPECIFICALLY EXCLUDES EXPORT SUBSIDIES ON PRIMARY PRODUCTS. THEREFORE, BATISTA'S CONCERN (REF A) THAT EC WILL OPPOSE DISCUSSION OF EXPORT SUBSIDIES ON AGRICULTURAL PRODUCTS AT MAY 29-31 MEETING IS WELL-FOUNDED.

2. U.S. PAPER (REF B) LISTING TWENTY QUESTIONS ON SUBSIDIES TO BE DISCUSSED AT THIS MEETING DOES NOT DIFFERENTIATE BETWEEN PRIMARY (MOSTLY AGRICULTURAL) AND NON-PRIMARY (MOSTLY INDUSTRIAL) PRODUCTS. IN FACT, QUESTION NUMBER NINE ASKS IF THERE IS ANY REASON WHY SAME RULES ON SUBSIDIES SHOULD NOT APPLY TO BOTH PRIMARY AND NON-PRIMARY PRODUCTS. HOWEVER, U.S. HAS NO INTENTION OF DISCUSSING SPECIFIC AGRICULTURAL PRODUCTS AT THIS MEETING. WE SHALL STATE, AS WE DID IN THE COMMITTEE ON TRADE IN INDUSTRIAL PRODUCTS (CTIP) THAT U.S. IS WORKING ON ASSUMPTION THAT RULES THAT MIGHT BE DEvised TO DEAL WITH SUBSIDIES AND COUNTERVAILING DUTIES WOULD APPLY TO BOTH INDUSTRIAL AND TO AGRICULTURAL PRODUCTS. EC DID NOT OBJECT TO U.S. WORKING ON THIS BASIS IN CTIP AND WE HOPE NO OBJECTION WILL BE MADE IN TNC WORKING GROUP.

3. WE APPRECIATE DISTINCTION MADE BY BATISTA BETWEEN EXPORT SUBSIDIES AND DOMESTIC SUBSIDY PROGRAMS. IN FACT, WE ANTICIPATE THAT MAY 29-31 MEETING WILL FOCUS PRIMARILY ON EXPORT SUBSIDY ISSUE. HOWEVER, WE DO NOT THINK THAT BATISTA'S IDEA OF CONFINING INITIAL DISCUSSION TO EXPORT SUBSIDIES AND DEFERRING DISCUSSION OF DOMESTIC SUBSIDY PROGRAMS TO A LATER MEETING WOULD AVOID EC OBJECTIONS BECAUSE EXPORT SUBSIDIES ARE USED EXTENSIVELY BY EC ON AGRICULTURAL PRODUCTS. CONSEQUENTLY, AT MEETING WE SUGGEST THAT BRAZIL ADOPT U.S. STANCE OUTLINED ABOVE.

4. AS MADE CLEAR BY AMBASSADOR EBERLE (REFS C AND D) AND IN SUBSEQUENT CONSULTATIONS IN GENEVA (REF E), U.S. AND BRAZIL IN COMPLETE AGREEMENT THAT MAY 29-31 MEETING MARKS NEW DEPARTURE IN CONSIDERATION SUBSIDIES/COUNTERVAIL QUESTION AND THAT THESE PROBLEMS LINKED IN ANY AGREED LIMITED OFFICIAL USE

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SOLUTION. FURTHERMORE, U.S. IS WILLING EXPLORE POSSIBILITIES DIFFERENTIAL TREATMENT OF LDCE IN SUBSIDIES/COUNTERVAIL CODE. U.S. PAPER ON SUBSIDIES, PARTICULARLY QUESTIONS FIVE, TEN, THIRTEEN, SIXTEEN, NINETEEN, AND TWENTY PROVIDE AMPLE OPPORTUNITY FOR BRAZIL TO INITIATE GENERAL DISCUSSION THIS QUESTION AND TO MAKE SUPPORTING ARGUMENTS.

5. WE BELIEVE, HOWEVER, THAT SERIOUS CONSIDERATION DIFFERENTIAL TREATMENT OF LDCS AT THIS STAGE WOULD BE COUNTERPRODUCTIVE AND SHOULD FOLLOW RATHER THAN PRECEDE GENERAL RULES THAT MIGHT BE DEVELOPED. IF BRAZIL PRESSES FOR EARLY CONSIDERATION SUCH DIFFERENTIAL TREATMENT, THIS WOULD ADD NEW DIFFICULTY TO LAUNCHING INITIATIVE ON SUBSIDIES/COUNTERVAIL CODE. IT WOULD PLAY INTO HANDS OF EC AND OTHERS WHO HAVE INDICATED LITTLE OR NO INTEREST IN DEVELOPING CODE THAT WOULD ENCOMPASS BOTH SUBSIDIES AND COUNTERVAILING DUTIES AND THAT WOULD APPLY TO BOTH AGRICULTURAL AND INDUSTRIAL PRODUCTS. RUSH

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Message Attributes

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Draft Date: 22 MAY 1974
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